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## House of Representatives

The House met at 10:30 a.m. and was called to order by the Speaker pro tempore (Mr. CARNAHAN).

### DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
September 22, 2008.

I hereby appoint the Honorable RUSS CARNAHAN to act as Speaker pro tempore on this day.

NANCY PELOSI,  
*Speaker of the House of Representatives.*

### MORNING-HOUR DEBATE

The SPEAKER pro tempore. Pursuant to the order of the House of January 4, 2007, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning-hour debate.

### WALL STREET BAILOUT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oregon (Mr. DEFAZIO) for 5 minutes.

Mr. DEFAZIO. Well, Secretary Paulson has submitted a simple proposal to Congress. This is it, three pages. It is about \$1 billion a word, and it is quite simple: Secretary Paulson gets the key to the Treasury, can start off by borrowing \$700 billion in the name of the American people, maybe more later, and it waives all laws. All laws. No oversight, no one looking over his shoulder, no conflict of interest rules. Not even court review. A pretty simple proposal.

He insists this has to be done, without meaningful discussion or debate or any change by the Congress, sort of an immediate authorization for use of financial force. Does this remind anybody of anything, like the rush into

Iraq on election eve a number of years ago? It is all too familiar.

He wants to take care of Wall Street's illiquid assets, as what he nicely labels them. Nice charitable pundits have said Cash For Trash. Wall Street could then return to business as usual. That is Mr. Paulson's plan. He is of, by, for, and about Wall Street, former head of Goldman Sachs. He wants to go back to the way things were.

They should never go back to the way things were. There need to be consequences, and there needs to be major change in the financial structures and the financial instruments and the regulation of Wall Street, something this administration still continues to deny, or says, oh, we'll do it later after we give them everything they want up front, after we bail them out.

Now, many want a condition on what will happen here. They want to have oversight. That is good. They want to limit executive compensation for any firm that takes a bailout. That is good. They want a linkage to a Main Street stimulus package and jobs. That is good. Those are all good. But we have got to question and take our time here to question the basic premise: Should we just take all their junk that people like Hank Paulson created, exotic instruments, the big party they have been throwing? Should we just take that and give it to the taxpayers and borrow the money from who knows where? Or, should we take an equity stake in these firms? That is what the government did when it bailed out Chrysler. It said, okay, we'll bail you out, but we own you; and when you come back, we're going to make money for the taxpayers.

Secretary Paulson wants to set it up so that the taxpayers at best, and in an all likelihood this wouldn't happen, might break even some day. No. We need to take an equity assurance in these firms, or we need to extend them

loans, have them marked down as junk to market. There's a market for it. It's about 22 cents on the dollar. Make them mark it down. And then if they're threatened and they're liquid, they can come to us and ask for a loan, and the terms are going to be stiff. And we aren't going to give it to just any one of these firms. No. We need to do this. We need to do it with oversight, and executive compensation is key no matter which way we go.

Oh, let the boards of directors control. Come on, boards of directors are all like first cousins and closer. These people are all feathering each other's nest. Hank Paulson himself got a \$50 million bonus for 1 year, the same year Wall Street rewarded itself with \$60 billion in bonuses. That is not a mistake. Billion dollars in bonuses in 2006.

These people are out of control. They don't understand the real world. And for them to talk about Main Street and pretend they're populist and they care about Main Street and student loans and homeowners' equity is a bunch of BS.

We need major structural reform, and we are the last bulwark here, the House of Representatives, the United States Senate. Because if we pass this bill as they propose it, we will be doing an incredible disservice to the American people, to the world economy. And what if his bet doesn't work? Yeah, the execs come out whole and they scoot that money offshore into hidey-holes or into gold or something else. But what if it doesn't work? And we have extended our credit about as far as it will go. Where are we going to borrow \$700 billion? What is the next step?

We need a much more targeted, deliberative approach. Congress can't come up with it in 3 days or 4 days. We shouldn't be rushed into this. If it takes a week, 2 weeks, 3 weeks, a month, the world will wait. They will wait for a thoughtful plan that cures the disease in addition to getting us beyond this initial problem. That is the

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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